(b) if so, whether Government propose to issue directions/guidelines to State Governments to honour the guarantees given by them; and

(c) whether there are any monitoring mechanisms in this regard and, if so, whether timely warnings were given to the State Governments?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) Outstanding guarantees increased from Rs. 42515 crore at the end of March, 1993 to Rs. 1,66,116 crores at the end OF March, 2002 for 17 major States, according to the RBI.

(b) RBI has been sensitizing the State Governments to honour the guarantees given by them and to extend guarantees within sustainable and manageable limits.

(c) Government of India have issued instructions to streamline the borrowing programme of States in tune with the Medium Term Fiscal Reforms Programme of States. Guarantees have also been brought within the ambit of Article 293(3) of the Constitution of India.

Foreign exchange reserves

678. DR. MANMOHAN SINGH: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) the increase in our foreign exchange reserves thus far in the current fiscal year;

(b) the factors responsible for this increase;

(c) whether Government have fixed any target for optimum level of reserves; and

(d) if so, what is that level?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) India's foreign exchange reserves increased by US$ 20.6 billion during the current fiscal year (up to February 7,2003).

(b) The factors responsible for the increase in foreign exchange reserves are strong inflows under invisibles receipts, foreign direct

investment, NRI deposits and also revaluation gains due to weakness exhibited by US dollar.

(c) Government have not fixed any target for optimum level of reserves.

(d) Does not arise.

Additional funding by Hongkong and Shanghai Banking Corporation

679. SHRI B.J. PANDA: Will the Minister of FINANCE AND COMPANY
AFFAIRS be pleased to state:

(a) whether Hongkong and Shanghai Banking Corporation will pump in an additional $150 million in its Indian Operations, as reported in the New Indian Express, Bhubaneshwar dated the 3rd November, 2002;

(b) if so, the details thereof,; and

(c) whether the Bank has obtained the required permission from the competent authority in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Yes, Sir. According to information received from Reserve Bank of India, Hongkong and Shanghai Banking Corporation (HSBC) 's Head Office will be providing additional capital funds to the extent of USD 150 million by March 31, 2003 to its Indian branches to meet the new Single and Group Borrower exposure requirements of RBI in relation to its capital funds.

(c) As per the extant RBI guidelines, foreign banks are free to raise capital by way of subordinated debt through Head Office borrowings.

Increase in income Tax surveys

680. SHRI P. PRABHAKAR REDDY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Central Board of Direct Taxes (CBDT) has issued fresh guidelines with regard in the increase in the number of income-tax surveys and in the number of returns to be taken up for scrutiny;

(b) if so, the details thereof and the reasons therefor; and